



***United States Attorney
Southern District of New York***

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**2 ARRESTED BY U.S. AND CHARGED WITH
DEFRAUDING SEVEN BANKS OUT OF \$50 MILLION**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, and PASQUALE D'AMAURO, the Assistant Director In Charge of the New York Office of the Federal Bureau Of Investigation ("FBI"), announced the arrests of RAYMOND YIU and KELVIN YIU and the unsealing of a criminal Indictment late yesterday charging the YIUs with defrauding seven banks out of approximately \$50 million through the submission of false and fraudulent loan applications and false and fraudulent financial statements and audits.

The Indictment charges the YIUs with bank fraud and conspiracy to commit bank fraud. The charges arise from the YIUs' operation of Ever-Glitter International, Ltd. ("Ever-Glitter"), Pacific Rim Resources, Inc. ("Pacific Rim"), Eastars Resources Exchange, Inc. ("Eastars"), Maxwell Metals Inc. ("Maxwell Metals"), and Gulf Enterprises Inc. ("Gulf"), privately held companies incorporated in the State of New York and having their principal

places of business in New York, New York (collectively referred to as the "Ever-Glitter Companies" or "Companies").

According to the Indictment, the Ever-Glitter Companies engaged in the metal trading business, specializing in the trading of ferrous and non-ferrous metal scrap and the shipping of metal scrap to customers for recycling and re-use. As set forth in the Indictment, the Ever-Glitter Companies purchased metal scrap from suppliers in the United States and Europe, mostly on a cash-in-advance basis; maintained their inventories at their suppliers; and sold and shipped the metal scrap to customers located in countries along the Pacific Rim, including China, South Korea and Taiwan.

RAYMOND YIU, it is alleged, was an officer of each of the Ever-Glitter Companies and controlled day-to-day operations of the Companies, including their metal trading businesses and new business development. RAYMOND YIU's brother, KELVIN YIU, according to the Indictment, was an officer of each of the Ever-Glitter Companies, and was responsible for the financial operations of the Companies and for maintaining their banking relationships.

The Indictment alleges that, to finance the Ever-Glitter Companies' continuing operations, the YIUs sought and received financing from seven federally insured banks. According to the Indictment, the Companies' sales decreased dramatically in 1997, and in order to maintain their loans and lines of credit and to conceal their diminished business (including the fact that Maxwell

Metals had ceased operations in or about 1997), the YIUs created false and fraudulent annual audited financial statements, semi-annual CPA-reviewed financial statements, quarterly management-certified financial statements, accounts receivable aging schedules, and inventory reports, and caused those false and fraudulent records to be submitted to banks that were asked to make available or had made available loans and lines of credit to the Ever-Glitter Companies.

According to the Indictment, the YIUs also commingled the Ever-Glitter Companies' inventories and receivables, and frequently used receipts of one Ever-Glitter Company or borrowed funds of one Company to make payments on the loans of another Ever-Glitter Company. In total, from January 1, 1998, through August 2002, it is alleged, the banks extended the Ever-Glitter Companies more than \$50 million in loans and lines of credit. In about July 2002, the Ever-Glitter Companies defaulted on their loans and ceased operations, according to the Indictment.

It is also alleged that the YIUs retained an outside accountant for the Ever-Glitter Companies and caused that accountant to certify falsely that he had independently audited the Ever-Glitter Companies' books and records on an annual basis and reviewed the Ever-Glitter Companies' books and records semi-annually. According to the Indictment, the accountant falsely

certified that independent audits of the Ever-Glitter Companies had been performed, when in fact they had not, and that the audits verified the financial information submitted to the banks by the Companies. It is alleged that the YIUs denied all attempts by the financing banks to verify the financial records of the Ever-Glitter Companies as well as the outside audits of the Companies' books.

RAYMOND YIU, age 50, resides in Fort Lee, New Jersey, and KELVIN YIU, age 48, resides in Manhasset Hills, New York. RAYMOND YIU and KELVIN YIU were released after signing bonds each in the amount of \$250,000 and secured in the amount of \$200,000 in property. The defendants face maximum terms of 35 years' imprisonment and fines up to \$1 million.

Assistant United States Attorney DANIEL RUZUMNA is in charge of the prosecution.

The charges contained in the Indictment are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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